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December 1, 2009

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**REQUEST TO ACCEPT COMPROMISE OFFERS OF SETTLEMENT  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

**SUBJECT**

To request Board approval for the Interim Director of Health Services (Director) to accept compromise offers of settlement for patients who received medical care at either County facilities and/or at non-County operated facilities under the Trauma Center Service Agreement. The compromise offers of settlement referenced below are not within the Director's authority to accept.

**IT IS RECOMMENDED THAT YOUR BOARD:**

Authorize the Director or his designee, to accept the attached compromise offers of settlement, pursuant to Section 1473 of the Health and Safety Code, of the following individual accounts:

Patients who received medical care at County facilities:

(1) Account Number	LAC+USC – Various	\$	3,500
(2) Account Number	LAC+USC – Various	\$	8,200
(3) Account Number	RLANRC – 5444450	\$	9,333
(4) Account Number	LAC+USC – 9067850	\$	25,000
(5) Account Number	H/UCLA – Various	\$	30,687

Trauma patients who received medical care at non-County facilities:

(6) Account Number	EMS – IH-14	\$	3,000
(7) Account Number	EMS – 209	\$	10,000

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Patients who received medical care at a County facility: The compromise offers of settlement for patient accounts (1) - (5) are recommended because the patients are unable to pay the full amount of charges and the compromise offers represent the maximum amount the Department was able to negotiate or was offered under the legal settlement involved in these cases.

Trauma patients who received medical care at non-County facilities: The compromise offers of settlement for patient account (6) – (7) are recommended because the County has agreements with certain non-County medical facilities under which it pays for trauma care provided to eligible indigent patients at those facilities. These agreements allow the County, after it has made payment for a particular patient, to pursue recovery from third parties who are financially responsible for such trauma care.

The best interests of the County would be served by approving the acceptance of these compromises, as it will enable the Department of Health Services (DHS) to maximize net revenue on these accounts.

### **Implementation of Strategic Plan Goals**

The recommended action supports Goal 1, Operational Effectiveness, of the County's Strategic Plan.

### **FISCAL IMPACT/FINANCING**

This will expedite the County's recovery of revenue totaling approximately \$89,720.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50% of the account balance, whichever is less. Any reduction exceeding the Director's authority requires Board approval.

On January 15, 2002, your Board adopted an ordinance granting the Director authority to compromise or reduce patient account liabilities when it is in the best interest of the County to do so.

On November 1, 2005, your Board approved a revised ordinance granting the Director authority to reduce, on an account specific basis, the amount of any liability owed to the County which relates to medical care provided by third parties for which the County is contractually obligated to pay, and related to which the County has subrogation or reimbursement rights. The revised ordinance was adopted by your Board on December 8, 2005.

Typically, recoveries in legal settlements are divided approximately into thirds between plaintiff, plaintiff's attorney, and all medical lien holders, which would include the County's lien. Factors that contribute to each party receiving more or less than one-third of the recovery include the number of medical lien holders, the patient's attorney retainer agreement, and costs accrued by the patient during the legal process.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Maximizing net revenues on patients who received medical care at County facilities will help DHS meet its budgeted revenue amounts. All payments received for the trauma accounts (non-County facilities) will replenish the Los Angeles County Trauma Fund.

Respectfully submitted,



John F. Schunhoff, Ph.D.  
Interim Director

JFS:lg (R:\LMARTINEZ\COMPROMISE\BRDLTR#81\LETTER HSA & EMS)

Attachments (7)

c: Chief Executive Officer  
Acting County Counsel  
Executive Officer, Board of Supervisors

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1  
DATE: DECEMBER 1, 2009

Total Charges	\$20,946	Account Number	Various
Amount Paid	\$0	Service Type	Inpatient & Outpatient
Balance Due	<del>\$20,946</del>	Date of Service	Various
Compromise Amount Offered	<del>\$3,500</del>	% Of Charges	<del>17%</del>
Amount to be Written Off	\$17,446	Facility	LAC+USC Medical Center

### JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient charges of \$20,946 for medical services rendered. No coverage was found for the patient. The patient's third party liability (TPL) claim settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement *
Lawyer's Fees	\$5,000	\$5,000	33 %
Lawyer's Cost	\$1,250	\$1,250	8 %
LAC+USC Medical Center	\$20,946	<del>\$3,500</del>	<del>24%</del>
Other Lien Holders	\$4,785	<del>\$1,500</del>	<del>10%</del>
Patient		\$3,750	25 %
Total		<del>\$15,000</del>	100%

\* Lien holders are receiving 34% of the settlement (24% to LAC+USC Medical Center and 10% to others).

Based on the DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 2  
DATE: DECEMBER 1, 2009

<b>Total Charges</b>	\$45,674	<b>Account Number</b>	Various
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient & Outpatient
<b>Balance Due</b>	<del>\$45,674</del>	<b>Date of Service</b>	Various
<b>Compromise Amount Offered</b>	<del>\$8,200</del>	<b>% Of Charges</b>	<del>18%</del>
<b>Amount to be Written Off</b>	\$37,474	<b>Facility</b>	LAC+USC Medical Center

### JUSTIFICATION

This patient fell and struck a sharp object. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient charges of \$45,674 for medical services rendered. No coverage was found for the patient. The patient's third party liability (TPL) claim settled for \$35,000 and his attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement *</b>
<b>Lawyer's Fees</b>	\$15,750	\$15,750	45 %
<b>Lawyer's Cost</b>	\$1,707	\$1,707	5 %
<b>LAC+USC Medical Center</b>	\$45,674	<del>\$8,200</del>	<del>24%</del>
<b>Other Lien Holders</b>	\$18,605	<del>\$2,580</del>	<del>7%</del>
<b>Patient</b>		\$6,763	19 %
<b>Total</b>		<del>\$35,000</del>	100%

\* This settlement distribution is consistent with the Hospital Lien Act (California Civil Statute 3045) which indicates that lien holders are entitled to up to 50% of the settlement after deducting attorney's fees and cost. The attorney had done preparation for trial and a fee of 45% plus cost was agreed upon in the retainer agreement between the patient and his attorney. Lien holders are receiving 31% of the settlement (24% to LAC+USC Medical Center and 7% to others)

Based on the information provided, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 3  
DATE: DECEMBER 1, 2009

Total Charges	\$58,968	Account Number	5444450
Amount Paid	\$0	Service Type	Inpatient
Balance Due	<del>\$58,968</del>	Date of Service	7/31/09 – 8/12/09
Compromise Amount Offered	<del>\$9,333.33</del>	% Of Charges	<del>16%</del>
Amount to be Written Off	\$49,634.67	Facility	RLANRC

### JUSTIFICATION

This patient was involved in an automobile versus pedestrian accident. As a result of this accident, the patient was treated at Rancho Los Amigos National Rehabilitation Center (RLANRC) and incurred total inpatient charges of \$58,968 for medical services rendered. The patient had restricted Medi-Cal that did not cover the services provided, and has Ability-to-Pay (ATP) with no liability. The patient's third party liability (TPL) claim settled for \$100,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement *
Lawyer's Fees	\$33,333.33	\$33,333.33	33.33 %
Lawyer's Cost			
RLANRC	\$58,968	<del>\$9,333.33</del>	<del>9.33%</del>
Other Lien Holders	\$190,470.25	<del>\$24,000</del>	<del>24.00%</del>
Patient		\$33,333.34	33.34 %
Total		<del>\$100,000</del>	100%

\*: Lien holders are receiving 33.33% of the settlement (9.33% to RLANRC and 24% to others).

Based on the information provided, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to RLANRC. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 4  
DATE: DECEMBER 1, 2009

<b>Total Charges</b>	\$104,787	<b>Account Number</b>	9067850
<b>Amount Paid and Contractual</b>	\$16,522.61	<b>Service Type</b>	Inpatient
<b>Balance Due</b>	<del>\$88,264.39</del>	<b>Date of Service</b>	6/12/09 - 6/22/09
<b>Compromise Amount Offered</b>	<del>\$25,000</del>	<b>% Of Charges</b>	<del>24%</del>
<b>Amount to be Written Off</b>	\$63,264.39	<b>Facility</b>	LAC+USC Medical Center

### JUSTIFICATION

This patient is a minor involved in an automobile accident and suffered permanent brain injury. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient charges of \$104,787 for medical services rendered. The patient has a limited medical insurance policy that only paid \$500 per day (total insurance payment received is \$5,000 and contractual is \$11,522.61, leaving a balance of \$88,264.39). The patient's third party liability (TPL) claim settled for \$300,000 and her attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement *</b>
<b>Lawyer's Fees</b>	\$75,000	\$75,000	25.00 %
<b>Lawyer's Cost</b>	\$493	\$493	.16 %
<b>LAC+USC Medical Center</b>	\$88,264.39	<del>\$25,000</del>	<del>8.33%</del>
<b>Other Lien Holders</b>			
<b>Patient</b>		\$199,507	66.51 %
<b>Total</b>		<del>\$300,000</del>	100 %

\* The patient suffered a brain injury and is receiving 66.51 % of the settlement to cover ongoing medical expenses.

Based on the information provided, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet her obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 5  
DATE: DECEMBER 1, 2009

Total Charges	\$66,846	Account Number	Various
Amount Paid	\$0	Service Type	Inpatient & Outpatient
Balance Due	<del>\$66,846</del>	Date of Service	Various
Compromise Amount Offered	<del>\$30,686.92</del>	% Of Charges	<del>46%</del>
Amount to be Written Off	\$36,159.08	Facility	H/UCLA Medical Center

### JUSTIFICATION

This patient was involved in a trip and fall accident. As a result of this accident, the patient was treated at H/UCLA Medical Center and incurred total inpatient and outpatient charges of \$66,846 for medical services rendered. The patient has ATP with no liability. The patient's third party liability (TPL) claim settled for \$120,000 and her attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement *
Lawyer's Fees	\$48,000	\$48,000	40 %
Lawyer's Cost	\$16,769.27	\$2,557.37	2 %
H/UCLA Medical Center	\$66,846	<del>\$30,686.92</del>	<del>26%</del>
Other Lien Holders	\$10,916.46	<del>\$8,755.71</del>	<del>7%</del>
Patient		\$30,000	25 %
Total		<del>\$120,000</del>	100%

\* Attorney's fee of 40% plus cost was agreed upon in the retainer agreement between the patient and her attorney. Lien holders are receiving 33% of the settlement (26% to H/UCLA Medical Center and 7% to others).

Based on the information provided, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet her obligation to H/UCLA Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.



## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 6  
DATE: DECEMBER 1, 2009

<b>Total Charges (Physicians)</b>	\$30,101	<b>Account Number</b>	IH-14
<b>Amount Paid to Physicians</b>	\$8,825	<b>Service Type / Date of Service</b>	Outpatient 9/21/07
<b>Compromise Amount Offered</b>	\$3,000	<b>% of Payment Recovered</b>	34 %

### JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at Northridge Medical Center, but the inpatient trauma claim was not paid by the County. Total outpatient charges of \$30,101 for medical services rendered were paid by the Los Angeles County Physician Services for Indigents Program (PSIP). The providers received a PSIP payment in the amount of \$8,825. The patient's third-party claim has been settled for \$300,000 and his attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement (\$300,000)</b>
<b>Attorney fees</b>	\$120,000	\$120,000	40 %
<b>Attorney cost</b>	\$41,445	\$41,445	14 %
<b>Los Angeles County – O.V.*</b>	\$31,530	\$10,050	3 %
<b>Los Angeles County-PSIP **</b>	\$30,101	\$3,000	1 %
<b>Other Lien Holders</b>	\$266,885	\$68,639	23 %
<b>Patient</b>		\$56,866	19 %
<b>Total</b>		\$300,000	100 %

As stated in the Trauma Center Service Agreement, reimbursement to providers is for the hospital component of trauma services provided to eligible indigent patients.

\* Account negotiated for Olive View by TTC

\*\* Proposed settlement reimburses the PSIP 34% (\$3,000) of amount paid to Northridge Medical Center (\$8,825).

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 7  
DATE: DECEMBER 1, 2009

<b>Total Charges (Providers)</b>	\$183,662	<b>Account Number</b>	EMS - 209
<b>Amount Paid to Providers</b>	\$20,591	<b>Service Type / Date of Service</b>	Inpatient & Outpatient 12/19/05-12/24/05
<b>Compromise Amount Offered</b>	\$10,000	<b>% of Payment Recovered</b>	49 %

### JUSTIFICATION

This patient was assaulted by a taxi cab driver. As a result of the incident, the patient was treated at Cedars Sinai Medical Center and incurred total inpatient and physician charges of \$183,662 for medical services rendered. The providers have received payment from the Los Angeles County Trauma Fund in the amount of \$20,591. The patient's third-party claim has been settled for \$50,000 and his attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement (\$50,000)</b>
<b>Attorney fees</b>	\$20,000	\$20,000	40 %
<b>Attorney cost</b>	\$4,000	\$4,000	8 %
<b>Los Angeles County *</b>	\$183,662	\$10,000	20 %
<b>Other Lien Holders</b>	\$40,035	\$3,875	8 %
<b>Patient</b>		\$12,125	24 %
<b>Total</b>		\$50,000	100 %

As stated in the Trauma Center Service Agreement, reimbursement to providers is for the hospital component of trauma services provided to eligible indigent patients.

\* Proposed settlement reimburses the Trauma Fund 49% (\$10,000) of amount paid to Cedars Sinai Medical Center (\$20,591).